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News Release

June 12, 2012

VA Releases Financial Analysis on Future Proposals

U.S. Department of Veterans Affairs (VA) Veterans Integrated Service Network (VISN) 23 and VA Black Hills Health Care System released the financial analysis on the proposed reconfiguration of health care services in western South Dakota and parts of Nebraska and Wyoming.

The financial analysis was requested by the South Dakota and Nebraska Congressional delegations, Veterans Service Organizations and other stakeholders.

The first part, the independent capital cost analysis, was completed by Jones Lang LaSalle, a leading real estate financial services provider to public sector agencies and organizations around the world, using industry standard 30-year life cycle. The capital costs are associated with the construction, renovation, leasing and maintenance of the buildings and their utilities.

The second part, the operating cost analysis, was completed by the Network's Chief Financial Officer and the Office of Finance within the Veterans Health Administration.

The analyses indicate the most effective capital cost option for improving Veterans' access to high quality health care services in this region is to build new facilities, rather than renovate, and maintain them for a period of 30 years at an estimated total cost of \$148 million. Additionally, the operating cost analysis shows an estimated \$26 million net savings per year

in salaries, medical supplies, and contracts while including an additional \$5 million for purchased care in the communities.

“We have always stated our main focus is on providing access to safe, high quality care, closer to Veterans’ homes. This financial analysis complements that by demonstrating good stewardship of taxpayers’ dollars,” said Steve DiStasio, Director - VA Black Hills Health Care System.

Similar analyses on alternate proposals received on or before June 30, 2012 will be conducted.

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VA Black Hills HCS Director to Host Conference Call with Local Media June 13
To Discuss Financial Analysis on Reconfiguration Proposal Released on Dec. 12

What: VA Black Hills HCS Director will host a conference call with local media to discuss financial analysis released today on the reconfiguration proposal released by VA on December 12, 2011.

Who: Steve DiStasio, Director, VA Black Hills Health Care System

When: Wednesday, June 13, 20012 from 11:30 – 12:30 MT

Where: Dial in number 800-767-1750, access code 96070

Background: U.S. Department of Veterans Affairs (VA) Veterans Integrated Service Network (VISN) 23 and VA Black Hills Health Care System released the financial analysis on the proposed reconfiguration of health care services in western South Dakota and parts of Nebraska and Wyoming. The financial analysis was requested by the South Dakota and Nebraska Congressional delegations, Veterans Service Organizations and other stakeholders.

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